

## Level of Adequate Reserves

### Assumptions:

1. Reserves must be the responsibility of the load serving entities (LSE).
2. Reserves must be from identified power plants or demand reserve programs.
3. The LSE must have a firm contract right to call on the reserves when needed.
4. Power plants that are not under firm contract to California LSE's shall not be counted as part of our reserves.
5. Adequate level of reserves are made up of two elements:
  - Reliability reserves and
  - “Market Control” reserves (or planning reserves)
6. Reserves needed for reliability purposes shall be a percentage of net dependable capacity minus forced outages.
7. Additional reserves needed to assure a competitive market depend on the per cent the spot market is of the entire load. If advance contracts cover 95% or more these reserves can be small. If the near time market is larger these reserves must be sizeable.